

LEND-LEASE ¹

Preliminary agreement, supplementary exchange of notes regarding supplies and services, agreement with schedules, and accompanying memorandum and exchange of letters signed at Washington February 28, 1945

Entered into force February 28, 1945; agreement, with schedules, operative from June 6, 1944

Supplemented by agreement of November 8, 1945 ²

59 Stat. 1304; Executive Agreement Series 455

PRELIMINARY AGREEMENT

PRINCIPLES APPLYING TO MUTUAL AID IN THE PROSECUTION OF THE WAR AGAINST AGGRESSION

Preliminary Agreement between the United States of America and the Provisional Government of the French Republic

Whereas the Government of the United States of America and the Provisional Government of the French Republic declare that they are engaged in a cooperative undertaking, together with every other nation or people of like mind, to the end of laying the bases of a just and enduring world peace securing order under law to themselves and all nations;

And whereas the Government of the United States of America and the Provisional Government of the French Republic, as signatories of the Declaration by United Nations of January 1, 1942,³ have subscribed to a common program of purposes and principles embodied in the Joint Declaration, known as the Atlantic Charter, made on August 14, 1941,⁴ by the President of the United States of America and the Prime Minister of the United Kingdom of Great Britain and Northern Ireland;

¹ See also lend-lease settlement agreements of May 28, 1946 (TIAS 1928, *post*, p. 1126); Feb. 27, 1948 (TIAS 1930, *post*, p. 1245); Mar. 14, 1949 (TIAS 1935 and 1936, *post*, pp. 1300 and 1304); and Jan. 30, 1958 (9 UST 67; TIAS 3979).

² *Post*, p. 1098.

³ EAS 236, *ante*, vol. 3, p. 697.

⁴ EAS 236, *ante*, vol. 3, p. 686.

And whereas the President of the United States of America has determined, pursuant to the Act of Congress of March 11, 1941,⁵ that the defense of any French territory not under the control of the Axis is vital to the defense of the United States of America;

And whereas the United States of America has extended and is continuing to extend to the Provisional Government of the French Republic aid in resisting aggression;

And whereas it is expedient that the final determination of the terms and conditions upon which the Provisional Government of the French Republic receives such aid and of the benefits to be received by the United States of America in return therefor should be deferred until the extent of the defense aid is known and until the progress of events makes clearer the final terms and conditions and benefits which will be in the mutual interests of the United States of America and France and will promote the establishment and maintenance of world peace;

And whereas the Government of the United States of America and the Provisional Government of the French Republic are mutually desirous of concluding now a preliminary agreement in regard to the provisions of defense aid and in regard to certain considerations which shall be taken into account in determining such terms and conditions and the making of such an agreement has been in all respects duly authorized, and all acts, conditions and formalities which it may have been necessary to perform, fulfill or execute prior to the making of such an agreement in conformity with the laws either of the United States of America or of France have been performed, fulfilled or executed as required;

The undersigned, being duly authorized by their respective Governments for that purpose, have agreed as follows:

ARTICLE I

The Government of the United States of America will continue to supply the Provisional Government of the French Republic with such defense articles, defense services, and defense information as the President of the United States of America shall authorize to be transferred or provided.

ARTICLE II

The Provisional Government of the French Republic will continue to contribute to the defense of the United States of America and the strengthening thereof and will provide such articles, services, facilities or information as it may be in a position to supply.

ARTICLE III

The Provisional Government of the French Republic will not without the consent of the President of the United States of America transfer title to, or

⁵ 55 Stat. 31.

possession of, any defense article or defense information transferred to it under the Act of March 11, 1941 of the Congress of the United States of America or permit the use thereof by anyone not an officer, employee, or agent of the Provisional Government of the French Republic.

ARTICLE IV

If, as a result of the transfer to the Provisional Government of the French Republic of any defense article or defense information, it becomes necessary for that Government to take any action or make any payment in order fully to protect any of the rights of a citizen of the United States of America who has patent rights in and to any such defense article or information, the Provisional Government of the French Republic will take such action or make such payment when requested to do so by the President of the United States of America.

ARTICLE V

The Provisional Government of the French Republic will return to the United States of America at the end of the present emergency, as determined by the President of the United States of America, such defense articles transferred under this Agreement as shall not have been destroyed, lost or consumed and as shall be determined by the President to be useful in the defense of the United States of America or of the Western Hemisphere or to be otherwise of use to the United States of America.

ARTICLE VI

In the final determination of the benefits to be provided to the United States of America by the Provisional Government of the French Republic full cognizance shall be taken of all property, services, information, facilities, or other benefits or considerations provided by the Provisional Government of the French Republic subsequent to March 11, 1941, and accepted or acknowledged by the President on behalf of the United States of America.

ARTICLE VII

In the final determination of the benefits to be provided to the United States of America by the Provisional Government of the French Republic in return for aid furnished under the Act of Congress of March 11, 1941, the terms and conditions thereof shall be such as not to burden commerce between the two countries, but to promote mutually advantageous economic relations between them and the betterment of worldwide economic relations. To that end, they shall include provision for agreed action by the United States of America and France, open to participation by all other countries of like mind, directed to the expansion, by appropriate international and domestic measures, of production, employment and the exchange and con-

sumption of goods, which are the material foundations of the liberty and welfare of all peoples; to the elimination of all forms of discriminatory treatment in international commerce, and to the reduction of tariffs and other trade barriers; and, in general, to the attainment of all the economic objectives set forth in the Joint Declaration made on August 14, 1941, by the President of the United States of America and the Prime Minister of the United Kingdom.

At an early convenient date, conversations shall be begun between the two Governments with a view to determining, in the light of governing economic conditions, the best means of attaining the above-stated objectives by their own agreed action and of seeking the agreed action of other like-minded Governments.

ARTICLE VIII

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

Signed at Washington in duplicate this 28th day of February, 1945.

For the Government of the United States of America:

JOSEPH C. GREW

For the Provisional Government of the French Republic:

H. BONNET

JEAN MONNET

SUPPLEMENTARY EXCHANGE OF NOTES

*The French Ambassador and the French Commissaire en Mission
to the Acting Secretary of State*

WASHINGTON, February 28, 1945

SIR:

In the United Nations' declaration of January 1, 1942, the contracting governments pledged themselves to employ their full resources, military or economic, against those nations with which they are at war; and in the Preliminary Agreement of February 28, 1945^a between the Government of the United States and the Provisional Government of France on the principles applying to mutual aid, each contracting government undertakes to provide the other with such articles, services, facilities, or information useful in the prosecution of their common war effort as it might be in a position to supply. It is the understanding of the Provisional Government of France

^a *Ante*, p. 1075.

that the general principle to be followed in providing mutual aid as set forth in the said Agreement of February 28, 1945 is that the war production and the war resources of both Nations should be used by each in ways which most effectively utilize the available materials, manpower, production facilities, shipping space, and other resources.

With a view, therefore, to supplementing the said Agreement of February 28, 1945 and the Memorandum relating to Lend-Lease and Reciprocal Aid and the Minutes attached thereto, agreed and exchanged by the United States and French representatives of August 25, 1944, we have the honor to set forth below the understanding of the Provisional Government of France of the principles and procedures applicable to the provision of aid by the Provisional Government of France to the armed forces of the United States and the manner in which such aid will be correlated with the maintenance of those forces by the United States Government.

1. The Provisional Government of France, retaining the right of final decision, in the light of its own potentialities and responsibilities, will provide the United States or its armed forces with the following types of assistance as reciprocal aid, when and to the extent that it is found that they can most effectively be procured in continental France.

(A) Military equipment, munitions, and military and naval stores;

(B) Other supplies, materials, facilities, services, or information for United States forces, except for the pay, allowances, and other emoluments of such forces and the administrative expenses of American Missions;

(C) Supplies, materials, facilities, services, or information except for the wages and salaries of United States citizens, needed in the construction of military projects, tasks, and similar capital works required in the common war effort;

(D) Settlement and payment of appropriate civil claims arising in French territory against the United States and its armed forces, employees, and officers;

(E) Ship ballast, in order to assist in obtaining maximum efficiency in the use of shipping; provided, however, that any net proceeds resulting from the sale of such ballast shall be paid to the Provisional Government of France;

(F) Such other supplies, materials, facilities or services as may be agreed upon as necessary in the prosecution of the war, including materials for war production, requested by the United States to be exported from continental France to the United States of America.

2. The practical application of the principles formulated in this note, including the procedure by which requests for aid by either Government

are made and acted upon, shall be worked out as occasion may require by agreement between the two Governments, acting when possible through their appropriate military or civilian administrative authorities. Requests by the United States Government for such aid will be presented by duly authorized authorities of the United States to official agencies of the Provisional Government of France which will be designated or established at convenient locations for the purpose of facilitating the provision of reciprocal aid.

3. It is the understanding of the Provisional Government of France that all such aid, as well as other aid, including information, received under Article VI of the Preliminary Agreement of February 28, 1945, accepted by the President of the United States or his authorized representatives from the Provisional Government of France will be received as a benefit to the United States under the Act of March 11, 1941. Insofar as circumstances will permit, appropriate record of aid received under this arrangement will be kept by each Government.

In order to facilitate the procurement of the supplies, materials, facilities, information and services described in Section 1 hereof by permitting their direct purchase rather than their procurement by the methods contemplated in Section 2 hereof during the period of military operation and until such time as the official agencies of the Provisional Government of France are able to provide such reciprocal aid in the manner contemplated in Section 2, the Provisional Government of France agrees to make available to designated officers of the United States Government such French currency or credits as may be needed for the purpose. The necessary arrangements will be made by the appropriate authorities of the Government of the United States and the Provisional Government of France.

If the Government of the United States concurs in the foregoing, we would suggest that the present note and your reply to that effect be regarded as placing on record the understanding of our two Governments in this matter and that for clarity and convenience of administration this understanding be considered to be effective as from June 6, 1944.

Accept, Sir, the renewed assurances of our highest consideration.

H. BONNET
JEAN MONNET

The Honorable JOSEPH C. GREW,
Acting Secretary of State,
U.S. Department of State,
Washington, D.C.

The Acting Secretary of State to the French Ambassador

DEPARTMENT OF STATE
WASHINGTON
February 28, 1945

EXCELLENCY:

I have the honor to acknowledge the receipt of the note of today's date signed by Your Excellency and M. Monnet concerning the principles and procedures applicable to the provision of aid by the Provisional Government of the French Republic to the armed forces of the United States of America.

In reply I wish to inform you that the Government of the United States agrees with the understanding of the Provisional Government of the French Republic as expressed in that note. In accordance with the suggestion contained therein, your note and this reply will be regarded as placing on record the understanding between our two Governments in this matter.

This further integration and strengthening of our common war effort gives me great satisfaction.

Accept, Excellency, the renewed assurances of my highest consideration.

JOSEPH C. GREW
Acting Secretary of State

His Excellency

HENRI BONNET,

*Ambassador of the Provisional
Government of the French Republic*

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND
THE PROVISIONAL GOVERNMENT OF THE FRENCH REPUBLIC

As parties signatory to the United Nations Declaration of January 1, 1942, the Government of the United States of America and the Provisional Government of the French Republic have pledged themselves to employ their full resources, military and economic, against those nations with which they are at war. In the preliminary agreement of February 28, 1945⁷ between the Government of the United States of America and the Provisional Government of the French Republic, on the principles applying to mutual aid, each contracting government undertakes to provide the other with such articles, services, facilities and information useful in the prosecution of their common war undertaking as each may be in a position to supply.

The Government of the United States of America and the Provisional Government of the French Republic desire to insure the continuing provision of such articles, services, facilities or information without interruption owing

⁷ *Ante*, p. 1075.

to any uncertainty as to the date when the military resistance of the common enemy may cease; and desire to insure further that such articles, services, facilities or information as shall be agreed to be furnished by the United States for the purpose of providing war aid to the Provisional Government of the French Republic shall be disposed of and transferred, following a determination by the President that such aid is no longer necessary to the prosecution of the war, in an orderly manner which will best promote their mutual interests.

For the purpose of attaining the above-stated objectives, the Government of the United States of America and the Provisional Government of the French Republic agree as follows:

ARTICLE I

All aid undertaken to be provided by the United States of America under this agreement shall be for Continental France and shall be made available under the authority and subject to the terms and conditions of the Act of Congress of March 11, 1941, as amended and any appropriation acts thereunder.

ARTICLE II

The United States of America will transfer or render such of the articles and services set forth in Schedule 1 annexed hereto, to the Provisional Government of the French Republic, as the President of the United States of America may authorize to be provided prior to a determination by the President that such articles and services are no longer necessary to the prosecution of the war. Any articles and services set forth in Schedule 1 transferred or rendered to the Provisional Government of the French Republic prior to such determination shall be provided upon terms the final determination of which shall be deferred until the extent of lend-lease aid provided by the United States of America and of reciprocal aid provided by the Provisional Government of the French Republic is known and until the progress of events makes clearer the final terms, conditions and benefits which will be in the mutual interests of the United States of America and France, in accordance with the terms of the preliminary agreement of February 28, 1945, and which will promote the establishment and maintenance of world peace.

ARTICLE III

After a determination by the President of the United States of America that any of the articles and services set forth in Schedule 1 are no longer necessary to the prosecution of the war, the United States of America will transfer or render, within such periods of time as may be authorized by law, and the Provisional Government of the French Republic will accept, such articles and services as shall not have been transferred or rendered to the

Provisional Government of the French Republic prior to said determination.

The Provisional Government of the French Republic undertakes to pay the United States of America in dollars for the articles and services transferred or rendered under the provisions of this Article in accordance with the terms and conditions prescribed in Schedule 1 annexed hereto.

ARTICLE IV

The United States of America undertakes to transfer to the Provisional Government of the French Republic, within such periods of time as may be authorized by law, and the Provisional Government of the French Republic agrees to accept, the defense articles set forth in Schedule 2, annexed hereto. The Provisional Government of the French Republic undertakes to pay the United States of America in dollars for the articles transferred under the provisions of this Article in accordance with the terms and conditions prescribed in said Schedule 2.

ARTICLE V

Changes may be made from time to time in the items set forth in Schedules 1 and 2 annexed hereto, by mutual agreement between the United States of America and the Provisional Government of the French Republic.

The Provisional Government of the French Republic shall be released from its obligation to accept articles or services, under Article III and Article IV above, upon payment to the Government of the United States of America of any net losses to the Government of the United States of America including contract cancellation charges resulting from the determination of the Provisional Government of the French Republic not to accept such articles or services.

Delivery of any articles or services, under the provisions of Article III and Article IV, may be withheld by the Government of the United States of America without cost to the Provisional Government of the French Republic whenever the President determines that such action is in the national interest.

ARTICLE VI

Any amounts paid to the Government of the United States of America pursuant to the terms of this agreement shall be deemed to be among the benefits or considerations provided by the Provisional Government of the French Republic pursuant to Article VI of the preliminary agreement of February 28, 1945.

SCHEDULE 1

The terms and conditions upon which the articles and services listed below are to be transferred by the United States of America to the Provisional

Government of the French Republic after the determination by the President of the United States that such aid is no longer necessary in the prosecution of the war, in accordance with Article III hereof, are as follows:

A. Unless otherwise provided by mutual agreements, transfers of articles shall take place, and title and risk of loss shall pass to the Provisional Government of the French Republic, immediately upon loading of the articles on board ocean vessel in a United States port, provided, that those articles which, prior to the end of the periods authorized by law, shall have been contracted for by the United States Government and shall not have been transferred to the Provisional Government of the French Republic as above set forth, shall be deemed to be transferred, and title and risk of loss shall pass to the Provisional Government of the French Republic, upon the last day of such periods.

B. The amount which the Provisional Government of the French Republic shall pay to the United States of America for articles transferred under the provisions of Article III of this Agreement, shall be the total purchase price, which shall be the sum of the following items, as determined by the President of the United States, or an officer of the United States Government designated by him:

1. The price of the articles, which shall be determined as follows:

(a) In the case of standard supplies the price shall be the current sale price or the adjusted contract price, whichever is lower; provided, that in the event the current sale price is not determined, the price shall be the adjusted contract price less five per cent of such adjusted contract price.

In the case of non-standard supplies which shall have been delivered to the United States by the contractor prior to thirty days following the date of a determination by the President that such articles are no longer necessary in the prosecution of the war, the price shall be the current sale price or the adjusted contract price, whichever is lower; provided, that in the event the current sale price is not determined, the price shall be the adjusted contract price less five per cent of such adjusted contract price. In the case of non-standard supplies which shall have been delivered to the United States by the contractor subsequent to thirty days following the aforesaid date of the determination by the President, the price shall be the adjusted contract price.

(b) The determination of the said price of supplies by the President, or an officer of the United States Government designated by him, shall be made in accordance with the following definitions:

The term "standard supplies" shall mean those supplies which have been contracted for by the United States Government in accordance with standard United States specifications. The term "non-standard supplies" shall mean those supplies which have been contracted for by the United States Government in accordance with non-standard United States specifications. It is

understood that those supplies which are standard except for minor non-standard features, attachments or adjustments shall be deemed to be standard supplies.

The term "adjusted contract price" shall mean the contract purchase price f.o.b. point of origin paid by the United States Government to the contractor, less five per cent of such contract purchase price, or, if such contract purchase price cannot be determined for the particular supplies transferred, the estimated average contract purchase price f.o.b. point of origin paid by the United States Government for similar supplies during a period of three months preceding the aforesaid date of the determination by the President of the United States, less five per cent of such average contract purchase price.

The term "current sale price" of particular standard or non-standard supplies transferred to the Provisional Government of the French Republic shall mean the price at which similar standard supplies of comparable quality and in comparable quantity have been sold by the United States Government, at or about the time of transfer of the particular supplies to the Provisional Government of the French Republic, to any foreign or domestic buyer. It is understood that "foreign or domestic buyer" shall be deemed to exclude United States Government agencies, States and political sub-divisions thereof, United States public, charitable, or educational institutions, relief organizations, and any persons or organizations which may purchase supplies on special financial terms provided by law.

2. The sum of any costs for inland transportation, storage, insurance and other charges incidental to delivery of the articles at shipside, incurred by the United States, as determined by the President of the United States or an officer designated by him. The United States will inform the Provisional Government of the French Republic from time to time of the amounts of such costs incurred and the bases on which they have been determined.

C. Payment of the total purchase price for all articles transferred under the provisions of Article III of this Agreement, shall be made by the Provisional Government of the French Republic within a period of thirty years after the execution of this agreement.

1. Payment of the total purchase price of any article so transferred shall be made in equal annual installments the first of which shall become due and payable on July 1, 1946, or on the first of July next following the day on which such article shall have been transferred, whichever is later.

2. Nothing herein shall be construed to prevent the Provisional Government of the French Republic from anticipating the payment of any of such installments or any part thereof.

3. If, by agreement of the Provisional Government of the French Republic and of the United States of America, it is determined that, because of

extraordinary and adverse economic conditions arising during the course of payment, the payment of a due installment would not be in the joint interest of the Provisional Government of the French Republic and the United States, payment may be postponed for an agreed upon period.

D. Interest on the unpaid balances of the total purchase price determined under paragraph B above for any article so transferred, shall be paid by the Provisional Government of the French Republic at the fixed rate of two and three-eighths per cent per annum, accruing from the first day of July, 1946 or from the first day of July next following the day on which such article shall have been transferred, whichever is later. Interest shall be payable annually, the first payment to be made on the first day of July next following the first day of July on which such interest began to accrue.

E. The Provisional Government of the French Republic shall pay to the United States the cost of the services listed in this schedule to the extent that such services shall be rendered to the Provisional Government of the French Republic following the determination by the President that such services are no longer necessary to the prosecution of the war. The cost of such services, so rendered, shall be determined by the President of the United States and shall be paid by the Provisional Government of the French Republic in accordance with the same terms as provided for the payment of the total purchase price of the articles provided hereunder, as set forth in Section C above. Interest shall be paid on the unpaid balances of the cost of such services in accordance with the terms of Section D hereof.

The total purchase price value of all the articles and services in this Schedule 1 shall not exceed \$1,675,000,000. Such articles and services and their estimated cost to the Government of the United States are as follows:

Raw Materials for War Use and Essential Civilian Supply (Cotton, Metals, Steel, Chemicals, Synthetic Rubber, Drugs, Medical Supplies, etc.)	\$840,000,000
Food (Milk, Pulses, Edible Oils, Oil Seed, Seeds)	185,000,000
Petroleum Supplies	132,000,000
French Prisoner-of-war Supplies	48,000,000
Short Life Manufacturing Equipment for War Production	250,000,000
Freight Charges (Rental and Charter of Vessels)	220,000,000
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	\$1,675,000,000

SCHEDULE 2

The terms and conditions upon which the supplies listed below are to be transferred by the Government of the United States of America to the Provisional Government of the French Republic under the provisions of Article IV of this agreement are as follows:

1. Transfers of articles shall take place, and title and risk of loss shall pass to the Provisional Government of the French Republic, upon the same terms as are set out in Schedule 1 annexed to this agreement.

2. The Provisional Government of the French Republic shall pay to the United States of America, upon transfer, an amount equivalent to twenty (20) per cent of the total purchase price, as defined in Schedule 1 above, of the articles transferred to the Provisional Government of the French Republic under the terms of Article IV of this agreement.

3. The Provisional Government of the French Republic shall pay the United States of America the balance of the total purchase price of the articles transferred under Article IV of this agreement on or before the last day of the thirtieth year following the day upon which this agreement is executed. Payment of the balance of the total purchase price with regard to each article so transferred shall be made in equal annual installments, the first of which shall become due and payable on July 1, 1946, or on the first of July next following the day on which such article shall have been transferred, whichever is later.

4. Nothing herein shall be construed to prevent the Provisional Government of the French Republic from anticipating the payment of any of such installments, or of any part thereof.

5. If by agreement of both governments it is determined that because of extraordinary adverse economic conditions arising during the course of payment, the payment of a due installment would not be in the joint interest of the Provisional Government of the French Republic and the United States of America, payment may be postponed for an agreed-upon period.

6. The cost or expenses for overseas transportation of any of the articles listed in this Schedule 2 are included in the item "Freight Charges" listed in Schedule 1 and shall be paid by the Provisional Government of the French Republic on the terms specified in that Schedule. Such cost or expenses shall be limited to "Freight Charges" on United States vessels.

7. Interest on any unpaid portion of the balance of the total purchase price, above specified, of any article so transferred shall be paid by the Provisional Government of the French Republic at a fixed rate of 2½ per cent per annum accruing from the first day of July, 1946 or from the first day of July next following the day on which such article shall have been transferred, whichever is later. Interest shall be payable annually, the first payment to be made on the first day of July next following the first day of July on which such interest began to accrue.

8. The total purchase price value of the articles in this Schedule 2 shall not exceed a total of \$900,000,000. The articles in this Schedule 2 and their estimated cost to the Government of the United States of America are as follows:

Locomotives	\$200,000,000
Railroad Cars	120,000,000
Merchant Marines	140,000,000

Harbor Watercraft	\$32,000,000
Fishing Fleet	8,000,000
Inland Watercraft (Barges)	50,000,000
Metal Working Machinery	100,000,000
Industrial Equipment	150,000,000
Machinery for Mines, Arsenals, etc.	100,000,000
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	\$900,000,000

Signed at Washington in duplicate this 28th day of February, 1945.

For the Government of the United States of America:

JOSEPH C. GREW

For the Provisional Government of the French Republic:

H. BONNET

JEAN MONNET

MEMORANDUM

The Government of the United States directs the attention of the Provisional Government of the French Republic to the proposed agreement under Section 3(c) of the Lend-Lease Act and in particular to Article V thereof. Under Article V this Government will review, from time to time, and particularly at the conclusion of hostilities in Europe, as determined by the President, articles and services set forth in Schedule 1 and Schedule 2 of the Agreement in order to determine whether the delivery of such articles or services should be withheld in the national interest of the United States. The reservation made by this Government in Article V to withhold delivery of articles and services "whenever the President determines that such action is in the national interest" constitutes a broad power to cancel or revoke procurement programs or contracts. It is not possible to predict with precision what occasions or circumstances may arise in the future which may require this Government to withhold delivery. Actual delivery will always be subject to the development of the military situation, and the changing demands of strategy, as well as to economic and financial factors which affect the national interest of this Government.

The Government of the United States expects that all articles and services transferred to the Provisional Government of the French Republic, pursuant to the Crowley-Monnet exchange of notes of September 4, 5 and 19, 1944,⁸ prior to the signing of this Agreement will be paid for in dollars, and any articles and services requisitioned in accordance with the provisions of these notes but transferred following the signing of this Agreement will be regarded, if appropriate, as deliveries under the relevant schedules of the Agreement.

It is further understood that as long as supplies are furnished under the so-called Plan "A", the Provisional Government of the French Republic will be obligated to pay for them currently in dollars.

⁸ *Ante*, p. 1067.

It is, of course, understood that in the implementation of the provisions of the lend-lease agreements submitted to the Provisional Government of the French Republic, the Government of the United States will act in accordance with its Constitutional procedures.

J.C.G.

DEPARTMENT OF STATE,
Washington, February 28, 1945

EXCHANGE OF LETTERS

The French Commissaire en Mission to the Acting Secretary of State

REPUBLIQUE FRANCAISE
AMBASSADE DU
GOUVERNEMENT PROVISOIRE
AUX ETATS UNIS

1800 Massachusetts Ave. N.W.
Washington 6, D.C.
Decatur 7935

Ref. 4/1/1
No 5834

FEBRUARY 28, 1945

MY DEAR MR. SECRETARY,

I have just returned from France. As the American Ambassador in Paris has been advised by our Minister of Foreign Affairs, my Government is now prepared to sign the draft agreements sent to me by Mr. Clayton on February 8th, 1945.

In its concurrence, my Government has taken full cognizance of your Memorandum accompanying the draft agreements.

Before my departure from Paris I agreed with Mr. Clayton the text of a Statement, attached hereto, which clarifies certain points and draws the attention of your Government to certain policies which we shall follow in the execution of the various agreements.

Yours sincerely,

JEAN MONNET

The Honorable JOSEPH C. GREW,
*Acting Secretary of State,
Department of State,
Washington, D.C.*

STATEMENT

28 FEBRUARY 1945

1. We understand that the Master Agreement covers munitions now being or to be supplied hereafter on a straight Lend-Lease basis.

2. ARTICLE 5. We understand that in general it is not the intention of the United States Government to exercise its right to recapture any articles for

which the French Government pays; if the recapture clause should be exercised in respect to any such articles, appropriate arrangements will be made for repayment to the French Government.

3. ARTICLES 6 AND 7. We understand that "benefits provided to the United States by the Provisional Government of France" includes benefits provided by the Comite National, the Haut Commandement en Chef, and the C.F.L.N. and that in the conversations referred to in Article VII full cognizance will be taken of all such benefits as well as of all aid extended under the various operating agreements and the Master Agreement.

B. 3(c) Agreement

1. ARTICLE I. We understand that the phrase "Continental France" includes Corsica.

2. ARTICLE V. We understand that the phrase "net losses" refers to out-of-pocket expenses, such as contract cancellation, transportation and storage expenses, incurred with respect to articles covered by a requisition or other formal request filed by the French Government.

C. Reciprocal Aid Agreement

The franc account provision appears unnecessarily broad. We understand that you are prepared to substitute for it a provision which will be consistent with mutually agreeable working arrangements now in effect in France.

II

The purchase price clauses set forth in Section B of Schedule I of the 3 (c) agreement are complex. There is some doubt in our minds that their precise operative effect can be accurately predicted now. On the other hand, we recognize that they have been drafted with the purpose of establishing a pricing method that will be fair to both parties. Accordingly we ask for no revision at the present time. If the pricing operations under these formulae appear unsatisfactory in practice, we will feel free to propose an alternative method. The adoption of such an alternative by mutual agreement would not, of course, be retroactive, unless the propriety of such retroactive action were also mutually agreed.

III

I wish also to direct your attention to certain policies we shall follow in the execution of these various arrangements.

1. In relation to reciprocal aid, it is our intention to put forth our maximum effort. The extent of reciprocal aid which it will be possible to render will, however, necessarily depend in large measure on such factors as the availability of labor, power, and the flow of imported supplies.

2. In relation to the 3(c) agreement, it is our general intention to request and receive the articles and services in Schedules 1 and 2 up to the full amount of the financial limits provided for therein. However, we note our reserved right to have the programs or contracts cancelled upon paying the United States its out-of-pocket expenses; and it is our intention to review the articles and services in the schedules from time to time and particularly at the conclusion of hostilities in Europe in order to make such adjustments in our requests and acceptances as we deem necessary in the light of the changing situation.

JEAN MONNET

The Acting Secretary of State to the French Commissaire en Mission

DEPARTMENT OF STATE

WASHINGTON

February 28, 1945

MY DEAR MR. MONNET:

I have your letter of today telling of your return from Paris and informing me that your Government is now prepared to sign the draft agreements which Mr. Clayton sent you on February 8, 1945, and that your Government has taken full cognizance of the Memorandum accompanying the draft agreement.

You attach to your letter the text of a statement, agreed to with Mr. Clayton before your departure for Paris, which clarifies certain points and which draws the attention of this Government to certain policies which your Government will follow in the execution of the various agreements. I wish to confirm your understanding with Mr. Clayton that this statement is acceptable to my Government.

Sincerely yours,

JOSEPH C. GREW

Acting Secretary

The Honorable

JEAN MONNET,

Commissaire en Mission,

Provisional Government of the French Republic,

1800 Massachusetts Avenue NW,

Washington, D.C.

The French Commissaire en Mission to the Acting Secretary of State

REPUBLIQUE FRANCAISE
AMBASSADE DU
GOUVERNEMENT PROVISOIRE
AUX ETATS UNIS

1800 Massachusetts Ave. N.W.
Washington 6, D.C.
P.O. Box 3157
Decatur 7935

Ref. 4/1/1
No 5883

FEBRUARY 28, 1945

MY DEAR MR. SECRETARY,

When in Paris, I informed the French Provisional Government that the proposed Lend-Lease agreements do not change the arrangements now in effect between our two Governments regarding the payment in dollars for francs used for troop pay and other items not furnished as Reciprocal Aid.

I am advising you of this merely to complete the record of our mutual understandings on the Lend-Lease arrangements.

Yours sincerely,

JEAN MONNET

The Honorable JOSEPH C. GREW,
Acting Secretary of State,
Department of State,
Washington, D.C.

The Acting Secretary of State to the French Commissaire en Mission

DEPARTMENT OF STATE
WASHINGTON
February 28, 1945

MY DEAR MR. MONNET:

I am acknowledging your letter of today telling me that you had informed the members of the Provisional Government of the French Republic that the proposed lend-lease agreements do not change the arrangements now in effect between our two governments regarding the payment in dollars for francs used for troop pay and other items not furnished as reciprocal aid.

I appreciate this confirmation of the mutual understanding of our governments on this matter.

Sincerely yours,

JOSEPH C. GREW
Acting Secretary

The Honorable
JEAN MONNET,
Commissaire en Mission,
Provisional Government of the French Republic,
1800 Massachusetts Avenue,
Washington, D.C.